AR45

CONSOLIDATED RAMBLER MINES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED
DECEMBER 31
1976

CONSOLIDATED RAMBLER MINES LIMITED

Incorporated under the laws of Ontario on January 20, 1961

DIRECTORS	A. G. Kirkland .... Saint John, New Brunswick
	K. R. LaVoy, Jr. .... New York, U.S.A.
	D. A. Macfarlane .... Saint John, New Brunswick
	G. F. Pushie .... St. John's, Newfoundland
	L. McC. Ritchie .... Saint John, New Brunswick
OFFICERS	L. McC. Ritchie .... *President*
	A. G. Kirkland .... *Vice-President*
	D. A. Macfarlane .... *Secretary and Treasurer*
	Mrs. M. Jones .... *Assistant Secretary*
EXECUTIVE OFFICE	Fifth Floor, Golden Ball Bldg. .... Saint John, N.B.
MINE OFFICE	Baie Verte .... Newfoundland
AUDITORS	Coopers & Lybrand .... Saint John, N.B.
TRANSFER AGENT and REGISTRAR	Guaranty Trust Company of Canada ...... Toronto, Ontario
ANNUAL MEETING	June 21, — 2:30 p.m. Toronto Time) Algonquin Room, Royal York Hotel, Toronto, Ontario

DIRECTORS' REPORT

To the Shareholders:

This annual report of Rambler for 1976 includes a report by our mine manager, the financial statements of Rambler for the year ended December 31, 1976 and the report thereon by the shareholders' auditors.

The year 1976 was a difficult one for Rambler, although not without its achievements. Reference was made in last year's report to the inadequate prices which were received for concentrate, based principally on the price of copper. Although copper prices, which started the year at a very low level did strengthen in mid-year, this trend, unfortunately, was not sustained and the payment for concentrate was based on an average price of less than 63c per lb. for copper over the year. While metal prices have again strengthened in recent months, it is difficult to believe they will be sustained at the level required to show a meaningful return to Rambler's shareholders.

In May, 1976, Rambler received a letter from Noranda Mines Limited, with whom we have an exclusive sales agreement covering all the output from our concentrator, stating that, due to certain elements contained in the concentrate, Noranda would only purchase and receive at Gaspe a fixed tonnage of concentrate. In addition, regular advance payments made in anticipation of future delivery of concentrate were terminated. This interruption in our sales program caused additional expense and a lower realization to Rambler on certain concentrate sales made in 1976. We are reviewing the legal avenues which may be available for the recovery of these losses.

An achievement by our mine personnel in early 1976 was the completion of the Boundary Shaft project. The shaft was completed in the first quarter and hoisting of ore on a regular basis begun. As a result of this, tonnage treated in April, 1976 reached 29,105 tons, the highest for any month in that year and the lowest unit operating costs were achieved.

As a result of the disruption in the Rambler sales agreetment described above, Rambler was required to reduce operations as soon as possible to a one shift per day, five days a week operation. This decision was announced to our mine employees on June 25, 1976 with the cutback to take effect on September 14, 1976. Approximately 95 men were released from our employ at that time and operations proceeded on the reduced basis. Because of the resulting higher unit operating costs and the lower metal prices which were being experienced, a further decision was reached in early November to suspend mine operations. A date of December 22, 1976 was set for this suspension to become effective (later extended to January 14, 1977). As a result of subsequent discussions with representatives from Noranda Mines Limited and certain changes in Rambler's milling processes, Noranda has, without prejudicet to the position of either party under the sales agreement, agreed to take delivery of Rambler's concentrate and to make advance payments in respect thereof. As a result of Noranda's decision to take concentrate, Rambler was able in early 1977 to return to full production. As implied above, however, this situation is subject to continuous review.

Operations for 1976 resulted in a loss of $95,644 or 3c per share compared with a loss of $212,723 or 7c per share in 1975. If depreciation had been calculated in 1976 on a basis consistent with the prior year, the 1976 provision for depreciation would havet been reduced by $72,000, reducing our net loss to about $24,000 and the loss per share in 1976 to above 1c. The change in the method of calculating the depreciation write-off has been made to more accurately match costs with revenues and is expected to amortize the net book value of the fixed assets at December 31, 1975 and the cost of subsequent additions over the balance of our estimated ore reserves.

Some improvement has been made in the Corporation's working capital position due to the year's operations and to negotiations carried out with the former owners of the Rambler mining property. Meetings held with them in September and October, 1976 led to an amendment to the mortgage on this property. The amendment provided for

a) a payment of $200,000 on October 29, 1976 in lieu of the payment of $1,500,000 formerly due on that date;

b) a deferment of one year on the balance of $1,300,000 then owing;

c) interest to be paid at the rate of 8% p.a. commencing October 29, 1976;

d) the amount of $1,300,000 to be paid in nine equal quarterly instalments of principal and interest commencing October 29, 1977;

e) the election of a nominee to the Board of Directors of Rambler to represent the former property owners, so long as any balance remains unpaid under the mortgage;

f) certain additional safeguards relating to events of default.

As a result of the amendment to the mortgage, Rambler was enabled to overcome what would otherwise have been a financial crisis. A worthwhile profit from 1977 operations is, however, essential if the quarterly payments commencing October 29, 1977 are to be met.

Exploration work carried out in 1976 is described in the mine manager's report. Despite the favourable areas under investigation, no significant mineralization was found. Additional exploration is planned for the current year.

Rambler's collective agreement with its labour union covering hourly paid workers expired on September 28, 1976. About that time, the salaried employees of Rambler voted to become unionized and have since formed a separate local of the United Steelworkers of America. While collective agreements had not been signed at year end, these have since been completed covering a one year period to the end of the third quarter of 1977.

Significant progress was made in 1976 towards the development of mining on the Ming Extension property. As set out in the mine manager's report, the main ramp was advanced 709 feet, 1,539 feet of drifting and cross-cutting were completed and over 36,000 tons of ore mined. It is expected this property will be the source of a significant amount of the ore processed in 1977. Certain terms of our agreement with the former owners of this property remain to be clarified but quarterly meetings will be held to consider these matters.

You will see by the notice of meeting that the Board of Directors is, subject to the approval of shareholders, to be increased from five to six members to accommodate a nominee representing the former owners of the original Rambler property. We trust shareholders will support this change and thus fulfill the requirement that a representative of the former owners be added to the Board. Mr. Clyde Wells, of Corner Brook, Newfoundland, has been selected by the former owners as such representative.

The officers and directors acknowledge the efforts of our mine manager, Mr. J. E. Grainger and his department heads who have done an excellent job throughout a difficult year.

On behalf of the Board

Saint John, N.B.
May 13, 1977

L. McC. Ritchie,
President

MINE MANAGER'S REPORT

To: Mr. A. G. Kirkland, Vice-President

Operations for the year ended December 31, 1976 are reported as follows:

Total Production	1976	1975
Ore Milled — Tons	206,445	224,562
Average Per Operating Day	864	697
Grade % Copper	3.68	3.20
Operating Time %	89.6	93.9
Copper Recovery %	94.42	98.46
Concentrates Produced — Tons	31,155	29,691
Copper contained — Pounds (Net)	13,730,520	13,549,712
Gold contained — Ounces (Net)	10,828	10,463
Silver contained — Ounces (Net)	95,700	93,646

Total Operating Costs Per Ton Milled		
Mining	$ 8.74	$ 9.62
Development	5.11	4.24
Milling	5.59	5.26
Mine General & Administration	3.38	2.72
	$ 22.82	$ 21.84

Ming Mine Production		
Ore Milled — Tons	170,207	224,562
Grade % Copper	3.42	3.20
Concentrates — Tons	24,381	29,691
Copper contained — Pounds (Net)	10,671,659	13,549,712
Gold contained — Ounces (Net)	8,517	10,463
Silver contained — Ounces (Net)	75,356	93,646

Ming Mine Development

Main Ramp Advance — Ft.	415	1,463
Drifting & Crosscutting — Ft.	807	4,089
Raising — Ft.	—	358
Diamond Drilling — Ft.	3,077	18,653

Operating Costs Per Ton Milled

Mining	$ 8.57	$ 9.62
Development	4.08	4.24
Milling	4.78	5.26
Mine General	3.01	2.72
	$ 20.44	$ 21.84

Ming Extension Production

Ore Milled — Tons	36,238	—
Grade % Copper	4.85	—
Concentrates — Tons	6,774	—
Copper contained — Pounds (Net)	3,058,861	—
Gold contained — Ounces (Net)	2,311	—
Silver contained — Ounces (Net)	20,344	—

Ming Extension Development

Main Ramp Advance — Ft.	709	—
Drifting & Crosscutting — Ft.	1,539	—
Raising — Ft.	—	—
Diamond Drilling — Ft.	6,926	—

Operating Costs Per Ton Milled

Mining	$ 9.55	—
Development	9.95	—
Milling	9.37	—
Mine General	5.15	—
	$ 34.02	—

Ore Reserves

	Ming		Ming X		Total	
As at December 31	1976	1975	1976	1975	1976	1975
Vertical Depth	1,700	1,600	2,000	—	2,000	1,600
Reserves — Tons	492,000	660,000	228,000	—	720,000	660,000
Grade % Copper	4.41%	2.90%	5.86%	—	4.88%	2.90%
Grade Oz. Gold/Ton	0.07	0.07	0.13	—	0.09	0.07
Grade Oz. Silver/Ton	0.47	0.60	0.94	—	0.62	0.60

Ore reserves for the Ming Mine are calculated from surface to the boundary of the property, nominally 1700 ft. For the Ming extension property they are calculated from the boundary to 2000 ft., the extent of present detailed diamond drilling.

MINING

The boundary shaft facilities were in full use by February 1st and mining of ore was increased gradually. During the month of April a production rate of 1400 tons per operating day was achieved, resulting in the lowest monthly unit operating cost since 1973.

All underground contracting work was completetd by mid February when the ventilation raise was broken through to the 1200 level. Development work was almost completed on the 1300 level and the decline was started to the 1400 level. The 1800 level was developed and diamond drilling drifts established to outline the ore from the boundary to the 2000 foot horizon. Production of ore from the 1800 level in the Ming Extension property was started in June and the 1900 level was being developed by year end.

MILLING

Production of contained metals increased during the year due to higher mill feed grades. Milled tonnage, operating time, and recoveries were all lower as a result of metallurgical problems concerned with the mercury content of the concentrate, and a reduction to one shift per day operation from mid-September to year end.

Depression of the mercury containing zinc minerals by an acid/reducing medium, was accomplished only at the cost of increased copper losses to tailings. Finer grinding to improve recovery and zinc depression resulted in an increase in concentrate moisture. This was partially reduced by the use of a dewatering agent.

Improved concentrate grade, moisture content and recovery will be obtained by the planned increase in cleaner and filtration capacities.

EXPLORATION

Three target areas for diamond drilling were outlined on the group of claims staked in 1975 in the Baie Verte area. Although no heavy mineralization was intersected, all coincident geochemical and geophysical anomalies were explained by the occurrence of light to moderate sulphides and the presence of highly conductive graphite. Five holes were drilled on the four development licences. The drill target was the contact beteween basic and acid rocks, the stratagraphic position of the Ming Mine. This contact was intersected in two holes but only minor disseminated sulphides were encountered.

In mid November a staking program was started in the Gull Pond area, 3-4 miles south of the Rambler property. Ninety-four claims were staked and registered. Cursory examinations of the area revealed several mineralized float occurrences, and the geology appears favourable. This will be a priority area for exploration during the 1977 field season. The exploration work on the west 48 claim group did not detect any economic grade mineralization, and the anomalies located were not encouraging. The option agreement on these claims was therefore terminated.

GENERAL

The reduction in operations to a one shift per day, five days a week, on September 17th, resulted in an increase in cost per ton milled and the overall costs for the year reflect this reduction in operations.

The employees once again achieved a reduction in compensable injuries over the previous year and had the lowest injury frequency for underground mines in the province.

Negotiations with United Steelworkers of America, Locals 7190 and 8484 commenced in October but were suspended after three meetings to await the resolution of the uncertain market conditions. No significant progress had been made by year end.

Once again it is a pleasure to acknowledge the support of the Officers and Directors of the Company, together with the mine staff and employees during a difficult year.

Respectfully submitted,

J. E. GRAINGER, B.Sc., P.Eng.,
Mine Manager

March 11, 1977
JEG/aw

Balance Sheet

ASSETS

	1976 $	1975 $
Current Assets		
Settlements receivable (net) from sale of copper concentrate (note 4)	4,051,862	3,546,100
Concentrate inventory	940,688	—
Accounts receivable (note 4)	52,568	24,705
Prepaid expenses	119,609	167,295
	5,164,727	3,738,100
Fixed Assets		
Buildings, surface structures and equipment — at cost	8,054,991	7,887,637
Less: Accumulated depreciation	5,201,322	4,421,017
	2,853,669	3,466,620
Mining property — at cost less accumulated amortization of $4,238,300 (1975 - $3,841,800) (note 5)	1,139,416	1,522,354
	3,993,085	4,988,974
Deferred Expenditures		
Mine development expense — at cost less accumulated amortization of $440,051 (1975 - Nil)	1,884,289	2,072,633
Expenditure on properties under option — at cost	—	137,074
Materials and supplies — at cost	1,230,640	1,187,225
	3,114,929	3,396,932
	12,272,741	12,124,006

Signed on behalf of the Board

L. McC. RITCHIE, Director

D. A. MACFARLANE, Director

ER MINES LIMITED

December 31, 1976

LIABILITIES

	1976 $	1975 $
Current Liabilities		
Bank advances (note 4)	2,181,398	1,399,487
Accounts payable and accrued liabilities	627,807	954,539
Current instalment on purchase price of mining property	60,640	200,000
6¾% mortgages	7,930	18,730
	2,877,775	2,572,756
Balance of Purchase Price of Mining Property		
(less current instalments) (note 5)	1,239,360	1,300,000
	4,117,135	3,872,756

SHAREHOLDERS' EQUITY

Capital Stock		
Authorized — 5,000,000 shares of $1 par value		
Issued —		
2,980,006 shares	2,980,006	2,980,006
Less: Discount thereon	965,000	965,000
	2,015,006	2,015,006
Contributed Surplus	14,625	14,625
Retained Earnings	6,125,975	6,221,619
	8,155,606	8,251,250
	12,272,741	12,124,006

CONSOLIDATED RAMBLER MINES LIMITED

Statement of Earnings and Retained Earnings

For the year ended December 31, 1976

	1976 $	1975 $
REVENUE FROM CONCENTRATE PRODUCTION	7,723,545	7,100,817
Less: Marketing expenses	661,801	360,919
	7,061,744	6,739,898
OPERATING EXPENSES	4,845,103	5,294,685
EARNINGS BEFORE THE UNDERNOTED ITEMS	2,216,641	1,445,213
Depreciation of fixed assets	877,400	787,000
Amortization of mine development expenses and mining property	836,551	527,800
Write off of outside exploration expenditures	123,511	—
Surface exploration	47,423	27,640
Mining tax	22,000	90,710
Interest on advances and bank loans	388,100	224,786
Interest on long-term debt	17,300	—
	2,312,285	1,657,936
NET LOSS FOR THE YEAR (notes 2 and 6)	95,644	212,723
RETAINED EARNINGS — BEGINNING OF YEAR	6,221,619	6,434,342
RETAINED EARNINGS — END OF YEAR	6,125,975	6,221,619
LOSS PER SHARE (note 2)	.03	.07

Statement of Changes in Financial Position

For the year ended December 31, 1976

	1976 $	1975 $
Source of Working Capital		
From operations	1,741,822	1,102,077
Use of Working Capital		
Mining property	—	2,000
Current instalment on purchase price of mining property (note 5)	60,640	200,000
Buildings and equipment	264,452	1,105,943
Mine development expenses	251,707	972,705
Materials and supplies	43,415	133,593
Expenditure on properties under option	—	114,861
	620,214	2,529,102
Increase (Decrease) in Working Capital	1,121,608	(1,427,025)
Working Capital — Beginning of Year (note 5)	1,165,344	2,592,369
Working Capital — End of Year	2,286,952	1,165,344

Notes to Financial Statements

For the year ended December 31, 1976

1. Significant Accounting Policies

Settlements receivable —

Settlements receivable are shown at estimated realizable value less advances of $2,042,000 (1975 — $2,686,000). In accordance with terms of the sales contract, final settlements are made at prices prevailing at a future date and the amounts eventually received may vary from the amounts shown as settlements receivable at December 31, 1976.

Concentrate Inventory —

Concentrate inventory is valued at the lower of cost or estimated realizable value.

Depreciation and Amortization —

Depreciation and amortization of fixed assets are on the unit of production method on a basis of the estimated ore reserves.

Mine development expenses are being amortized on the unit of production method on a basis of the estimated ore reserves.

Expenditure on Properties Under Option —

Expenditure on properties under option are carried forward until these properties are either (a) developed, at which time costs are capitalized and later amortized over the life of the property or (b) abandoned, at which time the accumulated expenditures are written off.

2. Change in Accounting Policy

Commencing January 1, 1976, the corporation adopted the policy of depreciating its fixed assets on the unit of production method on a basis of estimated ore reserves. For assets on hand at date of change, depreciation is on net book value; for subsequent additions, depreciation is on cost. The adoption of this policy increased the depreciation charge for the year by approximately $72,000 or 2c per share.

3. Participation Agreement

Under a participation agreement between the corporation, the Carroll Prospector Group ("Carroll") and Advocate Mines Limited ("Advocate"), the corporation is extracting ore from a property known as the Ming Extension which adjoins the corporation's Ming Mine. The agreement provides for the corporation to pay to Carroll and Advocate 10% of the profits therefrom until its exploration and preproduction costs have been recovered and thereafter 55% of the profits.

Management calculates that there is no amount payable as at December 31, 1976.

4. Security for Bank Advances

Bank advances are secured by a general assignment of book debts.

5. Balance of Purchase Price of Mining Property

During 1976, negotiations with the former owners of the mining property led to an amendment to the mortgage on the mining property whereby the amount of $1,500,000 formerly due on October 29, 1976 was revised to $200,000; the balance of $1,300,000 is to be paid

in equal quarterly instalments of principal and interest at 8% per annum in the amount of $166,639 beginning on October 29, 1977.

The 1975 figures in the balance sheet and statement of financial position have been reclassified to give effect to the amendments described in the preceding paragraph.

6. Income Taxes

The application of certain Income Tax Regulations for the year 1976 results in no income tax purposes for the year.

The corporation applied for a tax-exempt period under former tax legislation for its East Mine for the years 1967, 1968, and 1969 and this application was rejected. Income before depreciation and amortization for these years from this mine aggregated $4,000,000. Due to certain tax decisions, the corporation believes that this application should now be approved.

In prior years the corporation recorded depreciation and amortization in its accounts but did not claim all of the relative allowances for income tax purposes. Assuming the East Mine to have been eligible for the tax-exempt period, accumulated allowances unclaimed for tax purposes are approximately $5,600,000 (1975 — $5,600,000).

7. Remuneration of Directors and Senior Officers

Total direct remuneration paid during 1976 to directors was $1,500 and to senior officers (as defined in the Ontario Business Corporations Act to include the five highest paid employees of the corporation) was $118,697.

8. Anti-inflation Act

As the corporation's shares are listed on the Toronto Stock Exchange, it is subject to part 3 of the Anti-Inflation Act Regulations respecting dividends.

9. Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted in 1976.

COOPERS & LYBRAND
CHARTERED ACCOUNTANTS
SAINT JOHN, N. B.

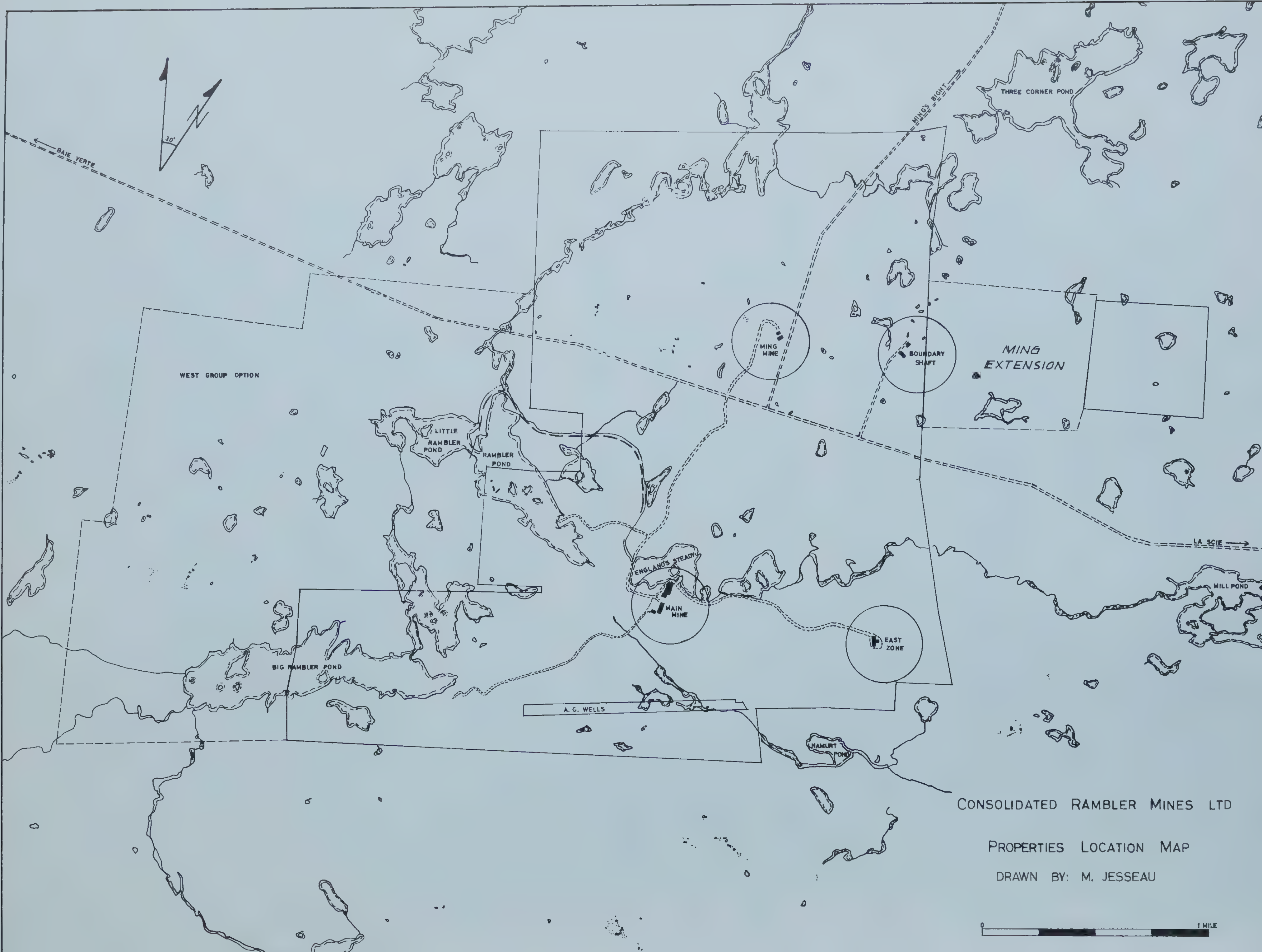
AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Consolidated Rambler Mines Limited as at December 31, 1976 and the statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the corporation as at December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles which, except for the change in depreciation policy referred to in note 2, have been applied on a basis consistent with that of the preceding year.

COOPERS & LYBRAND
Chartered Accountants

February 18, 1977


THREE CORNER POND
MING'S BIGHT
BAIE VERTE
30°
WEST GROUP OPTION
MING MINE
BOUNDARY SHAFT
MING EXTENSION
LITTLE RAMBLER POND
RAMBLER POND
ENGLANDS STEADY
MAIN MINE
EAST ZONE
LA SCIE
MILL POND
BIG RAMBLER POND
A. G. WELLS
HAMURT POND
CONSOLIDATED RAMBLER MINES LTD
PROPERTIES LOCATION MAP
DRAWN BY: M. JESSEAU
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The Corporation has received a letter from Noranda Mines Ltd., with which the Corporation has a sales agreement covering all of its production of concentrate, stating that due to the relatively high impurities in the Corporation's concentrate, Noranda would limit the quantity of concentrate shipped to it in 1976 to 18,000 tons. This is substantially less than the quantity of concentrate available for shipment. The 1976 operating plan called for production of 35,000 tons of concentrate. The Corporation has told Noranda that counsel has advised the refusal to accept more than 18,000 tons of concentrate in 1976 is a breach of the sales agreement and that Noranda will be held responsible for damages suffered by the Corporation because of its breach of the terms of the sales agreement. Noranda, of course, has not admitted liability. Because of the impurities in its concentrate, finding another market presents a major problem for the Corporation.

In the light of the above infomation and having considered current market conditions and other factors, management, with the concurrence of the Board of Directors, has given notice to 104 employees that they will be laid off as of September 17, 1976, the earliest date possible under The (Newfoundland) Termination of Employment Act. This reduction of approximately 50% of the Corporation's employees has been taken in order to reduce the Corporation's operations to a one shift, five day a week basis. Production of concentrate in the second half of 1976 will be substantially less than the output of the first six months.

Production during the first six months of 1976 has been as follows:

	1976	1975
Tons milled	142,196	121,882
% Copper	3.35	3.02
Oz. gold per ton	.074	.055
Oz. silver per ton	.603	.540

The milling rate was increased to 1,000 tons per calendar day early in the second quarter. Further circuit changes were made to improve the metallurgy with the introduction of a unit cell flotation of the primary ball mill discharge.

Development work on the 1200 and 1300 foot levels continued and the main ramp to the 1400 foot level was started.

The ore zone on the Ming Extension 1800 level was opened up and some ore was milled in June.

Resolution of the Corporation's position with Noranda will take some time and cause additional expense. Meanwhile, management is endeavouring to protect and improve the Corporation's current operating position.

L. McC. RITCHIE,
President

Saint John, N. B.
August 13, 1976

CONSOLIDATED RAMBLER MINES LIMITED

INTERIM REPORT TO SHAREHOLDERS

Six months ended June 30, 1976

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CONSOLIDATED RAMBLER MINES LIMITED

P. O. BOX 937, SAINT JOHN, N. B. E2L 4E3

INTERIM REPORT TO SHAREHOLDERS
Six Months Ended June 30, 1976

STATEMENT OF EARNINGS (Subject to audit)

	1976	1975 (Restated)
Revenue from concentrate production at estimated realizable value	$ 4,827,779	$ 3,359,986
Deduct operating costs	2,845,587	2,691,842
Operating profit before the undernoted items	1,982,192	668,144
Depreciation and amortization	1,055,300	657,400
Interest and mining taxes	418,762	143,918
	1,474,062	801,318
Net earnings (loss) for the period (before Federal income taxes)	$ 508,130	$ (133,174)
Earnings (loss) per share	17c	(5)c

STATEMENT OF SOURCE AND USE OF FUNDS (Subject to audit)

	1976	1975 (Restated)
Source:		
From operations	$ 1,563,430	$ 524,226
Reduction in supplies inventory	—	18,082
	1,563,430	542,308
Use of funds:		
Additions to fixed assets and mine development	484,605	613,663
Exploration expenditures (deferred)	—	66,244
Increase in supplies inventory	142,683	—
	627,288	679,907
Increase (decrease) in working capital	936,142	(137.599)
Working capital (deficit) at beginning of year	(134,656)	2,592,369
Working capital at end of period	$ 801,486	$ 2,454,770

Operations for the six months ended June 30, 1976 resulted in a profit of $508,130 (17c per share) compared with a restated loss of 5c per share in the previous year. While the current year's profit is gratifying, shareholders should be informed that over 60% of the profit resulted from settlement of concentrate shipped in 1975 but not paid for at the end of that year. To June 30, 1976, no production of the current year had yet been shipped. Copper contained in concentrate has been valued at 64c per lb. in 1976 compared with 55c per lb in 1975.

While the statement of source and use of funds shows a positive working capital position, the realization of this position is dependent on the sale and payment for concentrate at the valuation used in the accounts. The Corporation is carrying a larger quantity of unsettled concentrate as indicated by its settlements receivable account which had a balance of $7.7 million at June 30, 1976 compared with $6.2 million at the beginning of the year, an increase of $1.5 million. The Corporation has no cash on hand. Its bank loan and overdraft position has remained relatively unchanged during the period at $1.4 million.